

Contracting and Procurement Continuous Improvement Initiative



Recommendations for Reform September 30, 2004

Center for Innovation and Reform (CIR)
Government of the District of Columbia
Office of the City Administrator
Executive Office of the Mayor

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1 Introduction

The contracting and procurement process in the District of Columbia involves a number of key process partners and stakeholders. However, the process is compartmentalized resulting in slow processing time, real and perceived customer service problems, and inconsistent administration of the Local, Small, and Disadvantaged Business Enterprises (LSDBE) program. Additionally, the rules and regulations are complex and not reflective of state-of-the-art practices and agency and Office of Contracting and Procurement (OCP) staff do not have standard operating procedures (SOPs) to guide the contracting and procurement process.

Given the importance of the process in enabling District agencies to realize their mission, the opportunity created by a new computer system, staffing reductions, and the increasing demands of customers and stakeholders, the Mayor and City Administrator directed the recently formed Center for Innovation and Reform (CIR) to work with OCP to lead a Contracting and Procurement Continuous Improvement Initiative. The goal was to create a credible, transparent process incorporating best practices and innovations. Specifically, the resulting recommendations should lead to:

- A streamlined contracting and procurement process
- Enhanced customer support
- Expanded opportunities for local, small, disadvantaged business enterprises (LSDBEs)
- Organizational alignment – the right structure and the right staffing

The continuous improvement initiative has involved the agencies, vendors, managers and staff from OCP, and key stakeholders from the Executive Office of the Mayor (EOM), Office of the Chief Technology Officer (OCTO), Office of the Chief Financial Officer (OCFO), and Office of Local Business Development (OLBD). CIR created a steering committee consisting of representatives from the aforementioned groups to provide guidance to the initiative. A work group of OCP staff supported the assessment, best practices research, and development of recommendations.

Office of Contracting and Procurement

The mission of OCP is to:

Provide contracting and procurement services and personal property management to District agencies so they can have the quality goods and services they need to accomplish their missions in a timely and cost-effective manner.

In FY04 OCP procured a range of goods and services that include medical supplies, police vehicles, sophisticated computer technology, food, and

construction services. The organization, with a staff of 157 full-time equivalents (FTEs), has a supply schedule with approximately 200 certified LSDBEs, and supports about 60 agencies.

OCP operations is organized into commodity groups:

- Human Care Supplies and Services
- Professional Services and Public Safety
- DC Preparedness
- Roads, Highways, and Structures
- Construction, Design, and Building Renovation
- Transportation and Specialty Equipment
- IT Related Services
- General Services, DC Supply Schedule (DCSS), Printing and Stationery

A commodity manager leads each commodity group and is supported by assistant commodity managers, contract specialists, buyers, and procurement techs. The Support Division within OCP consists of the following functions:

- Business Operations
- Human Resources
- Budget
- Purchasing Technology
- Personal Property Disposition
- Procurement Administration
- Training
- IT Services
- Policy Analysis
- ASMP Support
- Quality Assurance
- Business Development/Compliance

Since the start of the continuous improvement initiative, a number of developments have transpired that have increased the sense of urgency surrounding contracting and procurement reforms. The Chief Procurement Officer (CPO) resigned, the City Council has held hearings that have highlighted areas in need of immediate attention, such as process and organizational changes in the Personal Property Division, better internal controls around contract actions requiring City Council approval, and the use of sole source contracts. These issues have heightened the need to restore credibility and transparency to the process and to create a shared understanding of roles and responsibilities among those parties within the government who have key responsibilities in the contracting and procurement process. The Deputy Mayor for Operations has been tasked to serve as Interim CPO.

The Process

The contracting and procurement process is organized into five key activities:

- Identify need
- Procure goods and services
- Administer contract
- Close-out contract
- Develop supplier relationships

The agencies, OLBD, OCFO, the Council, EOM, and OCTO are involved in the process. The Office of Tax and Revenue signs-off on suppliers' compliance and good standing relative to payment of DC taxes. The Department of Employment Services' involvement is related to the First Source Employment Agreement with which suppliers must comply.

2 Approach

To develop the magnitude of change desired, CIR created the cross-agency steering committee. The purpose of the steering committee was to guide and validate the analysis and recommendations, ensure customers' and stakeholders' had an opportunity to influence the process, and to begin to create a shared sense of ownership for the process.

CIR organized the project into three phases:

- Phase I: Assess and recommend
- Phase II: Develop detailed implementation plan and change management strategy
- Phase III: Implement

This report presents the results of Phase I and provides the foundation for Phase II.

To assess the organization and develop actionable recommendations, CIR and the work group:

- Interviewed OCP staff, customers, and stakeholders. CIR invited all cabinet members to be interviewed. Seventy-seven OCP staff volunteered to be interviewed. Additionally, CIR conducted telephone interviews with vendors and facilitated a focused group with vendors from the National Forum of Black Public Administrators' Local Advisory Committee.

- Reviewed documents. The documents included previous studies of OCP, OCP's scorecard, the results of recent retreats, purchasing data from PASS, and Inspector General reports.
- Analyzed the process to identify redundancies and inefficiencies.
- Synthesized findings, documented what works, and prioritized issues.
- Researched best practices and trends in procurement
- Developed recommendations that addressed the opportunities identified and incorporated best practices.

At key junctures in the process, the work group and CIR reviewed findings and recommendations with the steering committee. On August 25, 2004, CIR presented the findings of the assessment to the steering committee for discussion and validation. On September 22, 2004, CIR and OCP leadership facilitated an all day steering committee retreat to review and refine proposed recommendations.

Figure 1 summarizes the project schedule for Phase I.

Figure 1: Phase I Project Schedule

Task	Completion Date
Convene First Steering Committee Meeting	8/14/04
Develop Findings	8/13/-4
Research Best Practices	8/20/04
Brief Steering Committee	8/25/04
Develop Preliminary Recommendations	9/1/04
Facilitate Steering Committee Retreat	9/22/04
Submit Recommendations and Action Plan	9/30/04

3 Findings

The assessment revealed strengths and opportunities to improve both the process and OCP, the primary organization responsible for contracting and procurement. Well aware of the opportunities to improve the organization and the process, the OCP leadership had a number of improvement projects in place or under development when the assessment began.

The discussion of findings is organized as follows:

- Improvements in Place or Under Development
- Process, Guidance, and Enabling Technology
- Customer Support and Shared Responsibility
- Administration of the LSDBE Program in the Procurement Process
- Organizational Skills Alignment and Human Resources Practices

3.1 Improvements in Place or Under Development

The OCP leadership team recognized the need to begin to address some of the challenges facing the organization. As a result of this recognition, they had begun work on a number of fronts – internal operations, morale, the procedures to develop service level agreements (SLAs) with the agencies, and a mechanism to track vendor performance.

During FY04, OCP held a management retreat and a staff retreat. The staff retreat highlighted cultural and management issues that were impacting morale. As an outcome of the retreats, the leadership team created a series of work groups to address various problems outlined, such as the need for more management/supervisory training and an inventory of skills. In another attempt to better serve the staff, OCP's training organization updated its course offering and catalog and internal classes became available to all staff.

To better serve its customers, OCP created an automated tool to facilitate the development and management of SLAs. The tool allowed agencies to enter their planned procurements onto a spreadsheet that OCP loaded into the software tool. Commodity managers and assistant commodity managers can use the tool to assign procurements to OCP staff and determine if upcoming purchases were planned. OCP also developed procedures to help ensure critical services remained in place at the start of the fiscal year even as the financial and procurement systems were being closed for year-end reconciliation.

To ensure that the District is getting the best value for its money, OCP has begun to more proactively use its debarment authority. Importantly, the office developed a vendor performance evaluation tool called EVAL, which will be introduced in

October. This tool should help identify potential problems before they escalate. The information produced also will reduce the likelihood of awarding work to vendors with patterns of poor performance.

Additionally, the upcoming release of the Procurement Administrative Support System (PASS) will have improved search capabilities and an updated interface. OCP and OCTO are working to address in the new release problems identified during the first year of implementation.

3.2 Process, Guidance, and Enabling Technology

The contracting and procurement process is time consuming, includes redundancies, is not applied consistently, does not leverage available technology, and does not fully incorporate recent trends in contracting and procurement.

Process

The process to buy goods and services in the District is long and cumbersome. Some of the problem is due to an excessive number of reviews that are built into the process. For example, a small purchase requires on average five to seven approvals. As a result the average number of days to approve a small purchase is 8.1 (based on YTD data available in August 2004).

For a \$1 million request for proposal (RFP) or invitation for bids (IFB), 12 people in OCP touch the pre-solicitation package before it leaves to go to EOM for review. Once it leaves OCP, the package goes through seven approvals before it reaches Council.

As of August, 46 percent of IFBs were awarded within 90 days of OCP's receipt of an acceptable statement of work (SOW). Sixty-seven percent of RFPs were awarded within 120 days. While solicitations are advertised for 30 days, the time to award can feel long to agency staff who may have been working on the solicitation for weeks or months prior to having an acceptable statement of work. Even with the 30-day advertisement period, there are still opportunities to streamline the process.

The process and workflow are exacerbated by the fact that agencies will use PASS to purchase very low dollar items due to a fear of using purchase cards. Recent controversy over the purchase card program has left staff reluctant to use the cards and prompted some agency managers to discourage use of the cards.

Key process partners, such as OCP, OLBD and OCFO, sometimes operate in silos rather than as partners in an integrated process. For example, rather than have a conference call to resolve a payment issue, some in OCP may pass the problem along to the CFO or back to the agency.

OLBD is not integrated into the procurement process although the organization plays a key role in ensuring LSDBEs have access to work. OLBD is not involved in the SLA process and often does not get involved with procurements until an LSDBE has been removed from the competitive range. At this point OLBD could slow the process. If a representative from the agency was involved in acquisition planning and the development of the solicitation, the agency would have a better understanding of the requirements and could help craft utilization goals for the solicitation and identify qualified vendors.

Contract monitoring and administration provides another example of the stovepipe nature of the process and the absence of clear roles and responsibilities. Many people involved in the process acknowledge that the District does not do contract administration. The agencies are to provide COTRs. OCP offers COTR training, which historically has not been mandatory. Contracting officers and specialist tend to only become involved post award when there are billing or performance issues.

Guidance and Consistency

Customers and OCP staff report a lack of consistency in how work is done. This in part is due to a lack of written guidance. There has been no comprehensive revision to 27 DCMR (the DC municipal regulation that outlines contracting and procurement) since 1988. Updates to the regulations and policy directives are distributed but not incorporated into 27 DCMR. Additionally, the District has no one document that synthesizes 27 DCMR, the Procurement Practices Act, and Mayoral Orders. A policy and procedures document and/or SOPs could provide this integration of information. Finally, the regulations, policies, and contractual documents do not reflect state-of-the-art procurement practices.

Different contract specialist and contracting officers require different information/documentation for similar types of procurements. This creates frustration from program staff. OCP lacks approved templates that describe what information is required for routine items such as determinations and findings (D&Fs) and business clearance memos (BCMs). Within the agencies, things related to contracting and procurement are often done differently. The lack of consistency creates frustration within and outside of the government. Vendors notice and are inclined to think the process is unfair.

Enabling Technology

PASS was introduced in the fall of 2003. The system, a part of the ASMP, automates the buying process and facilitates online approval of payments. However, payments are not made electronically even though the District has the capability for electronic funds transfer (EFT). Agencies, OCP, and OCFO use the system that OCTO installed and supports.

Customers and OCP staff are optimistic about PASS despite some of the early glitches. They like being able to determine where an acquisition is in the process and the reduction of paperwork (e.g., PASS generally has eliminated the need for 3N1 forms).

While PASS has reporting capabilities via the analysis module, OCP and the agencies are not yet fully utilizing the analysis tool. OCTO is currently resolving data integrity issues and plans to provide additional user training.

Some of the reporting challenges are related to the LSDBE program and the DCSS. OLBD has worked with OCTO to identify its requirements to be incorporated in the next release. OCP is having trouble aggregating the DCSS awards made to vendors on the schedule. Part of this problem is related to contracting and procurement staff not consistently including the DCSS contract number on the purchase orders.

Also the system is not set up to notify OCP and the agencies when an IDIQ type contract is approaching \$1 million. Nor does it have a trigger to remind the appropriate parties in advance of a contract's upcoming expiration. Having such ticklers is important because they reduce the likelihood of OCP missing contracts that must go to Council for approval (because they will hit the \$1 million mark). The triggers or ticklers also facilitate planning for the continuation of critical services that will end when the fiscal year ends despite the need for those services to continue. In both situations, OCP has developed manual work-arounds.

OCP does not have the full functionality of PASS. The sourcing and contracts modules were to be operational by the spring/summer of 2004. The sourcing module facilitates online development and distribution of RFPs and tabulation of responses. It will not eliminate the need for human review and analysis, but it will help to make it easier to manage a large number of responses. The contract compliance module assists with monitoring vendor performance. These modules will not be installed until after the PASS upgrade (Release 8.2) is implemented.

Other concerns with PASS include not being able to correct simple mistakes or make minor changes without sending the requisition back to the beginning of the process. Additionally, the agencies must attach Word and Excel documents to PASS or scan the documents so that there is an electronic file.

We also learned that OCP has important software tools that have been developed and are operational, but are not integrated with PASS. In some cases they provide the same functionality that PASS can or will provide. These include the online vendor registration tool and EVAL for vendor performance evaluation. Apparently, those responsible for these tools were not involved in PASS planning and decision-making.

3.3 Customer Support and Shared Responsibility

As has been noted, the contracting and procurement process has not been characterized by collaboration and shared responsibility. The move to commodity groups, which eliminated the agency chief contracting officer (ACCO), has produced some customer frustration because the agencies no longer have one clear point of contact and must interact with different contract specialists and assistant commodity managers. Everyone in OCP does not have the same perspective on what customer service means and how it looks.

Customer Service

While there exist clear opportunities to strengthen customer service, we did hear about assistant commodity managers and commodity managers who attend agency senior staff meeting and who help with service level agreements (SLAs).

Nonetheless, customer service principles are not applied uniformly across OCP. Some in OCP tend to not be flexible in responding to unusual customer requirements or circumstances. We do not mean break the law, but rather find solutions to help the customer meet his need or solve the problem.

OCP staff in frontline positions reported that some in support positions within OCP did not share their sense of urgency in meeting the external customer's need. This may be due in part to a lack of understanding of how the pieces fit together to serve the ultimate customer.

OCP Organizational Structure

Many in the agencies and within OCP expressed concern about the new commodity structure that has resulted in agencies not having one clear point of contact. The agencies miss the level of attention and having procurement staff that understand their business. While OCP leadership attempted to keep contracting staff in commodity groups that buy goods and services similar to what they historically bought, the change has still resulted in some staff buying items with which they are not familiar. The change has created angst for some OCP staff.

In the absence of the ACCO, OCP leadership created agency liaisons. However, this role was not clearly communicated to OCP staff and to the customer community.

The new organizational structure also resulted in increased management layers and additional reviews. OCP staff feel further removed from the CPO and the additional reviews can impact cycle time.

Shared Responsibility

Key process partners do not have a shared sense of responsibility and collaboration. Roles and responsibilities are unclear. Who really is responsible

for contract administration? With the movement of the ACCOs back to OCP, personal communication declined and the use of e-mail and the telephone increased.

Because OCP is not viewed as a strategic business partner, contracting personnel often are not able to get out in front of the work and help the agencies to better plan their procurements. OCP staff and the agencies generally view the SLA as a necessary evil, rather than the acquisition-planning tool it could be.

An Absence of Visionary Leadership

An absence of visionary leadership may have influenced the level of customer service and shared responsibility across the process. In recent years, OCP has not received consistent messages about customer service. Staff has not been clear about what was expected regarding customer service. Management instructed staff to return purchase orders to the agencies if the commodity codes were wrong. Contract specialists waited for an acceptable statement of work (SOW) rather than provide templates or meet with the customer to discuss how to strengthen the document.

Because know one was building bridges, championing OCP and its people, the stove pipe operations continued as did some of the negative perceptions.

3.4 Administration of the LSDBE Program

The procurement process is a critical component of the LSDBE program. OCP runs the DCSS which provides certified LSDBEs access to contracting opportunities. Preference points are to be applied during the evaluation process and contracts can be set aside if there are two or more LSDBEs available to provide the service. Additionally, each agency has a goal to spend 50 percent of its expendable budget with LSDBEs.

OLBD and OCP work together to facilitate commodity group specific vendor roundtables for the LSDBE community and to sponsor the LSDBE marketplace. However, OLBD is not integrated into the contracting and procurement process. A representative from OLBD does not routinely attend bidders' conferences to discuss the program. OLBD is not involved in the SLA development process which would provide an opportunity to help identify potential set-asides or to set subcontractor utilization goals for larger procurements.

Currently, there are 198 LSDBEs on the DCSS. This vehicle has proved effective. However, OCP does not have an effective tool to facilitate the rotation process and different commodity groups seem to handle rotations differently. The result is that vendors perceive the rotation to be unfair. They think that the bulk of work routinely goes to the same set of contractors. The vendors in our focus group proposed having all solicitations for a particular commodity group or set of codes be sent to all vendors certified in those codes.

A related issue is the concern about a lack of consistency in how OCP contracting personnel apply the preference points among LSDBEs in competitive situations involving only LSDBEs. These situations can result when using the DCSS to purchase goods or services over \$10K for which the contracting specialist must get two bids. In such situations, it is still appropriate to apply the points even when the competition is among LSDBEs.

Historically, the ACCOs helped the agencies monitor and meet their LSDBE utilization goals. With the move to commodity groups, no one in OCP has focused specifically on ensuring each agency is on track to meet its LSDBE utilization goal (although the agency heads are held accountable for the goal).

Additionally, based on agency and vendor feedback, the agencies may not fully understand the LSDBE program. OLBD and OCP may need to do some re-education as well as market the DCSS to the agencies.

3.5 Skills Alignment and Human Resources Practices

Key process partners must understand their roles and responsibilities and be equipped to perform their duties. This applies to OCP and agency staff. The agency employees tasked to prepare SOWs and serve as COTRs need to understand their responsibilities and the people who assign them need to take the roles seriously. Additionally, procurement staff needs to understand their duties, the regulations, and the law and be able to provide clear, consistent guidance to their customers. Relative to human resources practices, OCP staff voiced concern during our interviews and in the employee survey about human resources practices seeming unfair and not being transparent.

The right people with the right skills

The District does not have a warrant program for contracting and procurement staff nor does it have a COTR certification program. OCP offers a COTR class, but it historically has not been mandatory.

The agencies acknowledge a need for additional procurement training. They need a better understanding of:

- Process
- Rules and regulations
- Guidelines for interacting with vendors pre- and post award
- Requirements of the LSDBE program
- SOW preparation
- Roles and responsibilities during contract monitoring
- How to use PASS more effectively

In the absence of an official warrant program, the CPO or deputy CPO delegates contracting authority based on what he perceives an individual to need given his/her level and the types of goods and services the person routinely buys. Unlike in the federal government, OCP staff is not required to have training, education, and contracting experience commensurate with their delegated purchasing authority. OCP has explored implementing a warrant program, but tabled the idea.

Human resources practices

In the results from the most recent employee survey, 42 percent of staff reported that they did not think career moves are handled fairly. Thirty-three percent of all employees responding to the survey felt they were not adequately recognized for their good work. A large percentage of employees do not think information is shared openly throughout the organization. However, 60 percent of employees reported that “considering everything” they are satisfied at OCP.

OCP has no clear career development path that outlines what is required to advance from one position to the next. This may contribute to staff reporting that they do not understand why some people are promoted and others are not.

The work groups developed following the all hands retreat this spring are addressing some of these concerns.

4 Recommendations for Reform

In this chapter we present the recommendations designed to address the issues outlined. The work group and CIR created an initial set of recommendations which the steering committee validated and refined at the September 22, 2004 retreat. The recommendations are organized around the four focus areas:

- Streamline Process, Provide Tools, and Leverage Technology
- Support Customers
- Expand Opportunities for LSDBEs
- Align Skills and Needs

4.1 Streamline Process, Provide Tools, and Leverage Technology

The process is the foundation. To support customers and begin to restore credibility, the process must be streamlined, followed consistently to promote transparency, and supported by tools and technology that facilitate the timely purchase of goods and services.

4.1.1 Create a more collaborative and streamlined RFP development and distribution process

- Involve OCP, OCFO, legal, and OLBD as appropriate to help agencies clarify their needs and prepare SOWs.
- Increase use of performance based contracts in which statements of objectives rather than statements of work are issued.
 - Avail ourselves to readily accessible training, such as the upcoming session with the Defense Acquisition University. As the District implements performance based contracts, it will be necessary to train COTRs and OCFO because payments may be linked to the contractor's performance.
 - Create a program to pilot performance based contracts. Select 2-3 candidates from recent SLA submissions.
 - Establish mechanism to monitor effectiveness.
- Refocus procurement review committee (PRC) process to be an educational/professional development experience. This requires change from all parties. Those submitting documents for review should do their

due diligence to send the best possible documents forward rather than rely on the PRC to “clean up” the packages (see 4.4.7).

- Use technology (e.g., the World Wide Web) and other tools to expand resources available to support development of specialized RFPs.
- Reduce the number of reviews and approvals required for BCMs and solicitation packages.
 - Immediately adopt the streamlined BCM review matrix OCP leadership recently developed.
 - Revise approval flows and number of approvers required.
 - Work with EOM to determine if it can reduce the number of reviews through which a solicitation must go prior to submission to Council.
- Get OLBD involved earlier in the process (while RFP is being developed) so that the representative can help OCP and the agency determine the number of LSDBEs with the requisite skills and structure the RFP accordingly.
- Adopt a phased strategy to expand the number of contractors to whom opportunities are announced.
 - Develop and communicate new guidelines for DCSS rotations.
 - Immediately increase the number of qualified vendors to whom competitive purchases are sent from three to ten (using new rotation procedures). The change to send solicitations to ten vendors rather than three should be incorporated as a business practice rather than a regulation change. For some RFPs there may not be ten companies available to perform the services.
 - Once the sourcing features of PASS (which allow for online responses and scoring) are operational, send solidifications to the number of suppliers that maximizes competition in the most manageable way.
 - Be sensitive to the fact that over 60% of LSDBEs are not e-enabled.
- Explore feasibility of linking OCP’s online posting tool with PASS until similar PASS functionality is available.
- Assign COTR during SOW development.

4.1.2 Create more flexibility for evaluation panels and provide more resources

- Clarify roles, responsibilities, and expectations of evaluation panel members and OCP.
- Allow panelists to review materials off-site.
- Continue to require evaluators to complete the appropriate “non-disclosure” paperwork.
- Provide training (approximately 45 minutes) to those who have not participated on panels before. Consider developing short video or presentation to ensure a consistent message.
- OCP should assume more responsibility for managing the evaluation process.
- Use technology to facilitate RFP and IFB evaluation process once the PASS sourcing module is available. In the interim determine the benefit of repurchasing Fed Select to facilitate the RFP and IFB evaluation process until PASS functionality is available.
- Create framework and guidelines for oral proposals as a means of reducing review time.
- Use oral presentations as a means to become acquainted with a broader pool of vendors.
- Consider feasibility of requiring page limits on proposals.

4.1.3 Simplify the process to procure small purchases

- Raise small purchase threshold to \$500K for large agencies, such as DOH and DHS. Establish criteria to determine if other agencies might be eligible for this increase. Raising this threshold will require a legislative change.
- Explore returning the \$25K purchasing authority to the agencies for the purchase of “catalog” items. As part of this change OCP must negotiate prices with vendors after they have adopted a GSA schedule to ensure best value for the District.
- Train assistant commodity managers to make referrals by changing the role in PASS rather than the person in the role.

4.1.4 Provide procedures and clear delineation of roles and responsibilities for contract monitoring

- Develop clear contract monitoring and administration guidelines and process for OCP and agencies (see Office of Federal Procurement Policy best practices report).
- Clearly define and publish roles of all parties during contract administration (vendor, OCP, agencies, OCFO, OLBD).
- At post award conference review contract language regarding role and authority of the COTR and discuss role and responsibilities of the CO, COTR, and the vendor.
- Develop quality-monitoring plans to accompany performance based work statements.
- Use project milestones and regular progress meetings to monitor progress, and eliminate potential problems (COTR and contracting officer attend all meetings and review all status documents).
- Use Section E, Inspection and Acceptance, and Section F, Deliverables, as management tools during the period of performance.
- Mandate agency/COTR, commodity manager or designee, and vendor attend post award conferences or kick-off meetings for awards over \$100K. At the conference, discuss reporting requirements, payment schedule, roles and responsibilities.
- Update ratification policy and provide supplemental training to COTRs to avoid need for ratifications.

4.1.5 Eliminate impediments to timely payment processing

- Encourage OCP, OCFO/AP, and program staff to convene a conference call/meeting if invoice ends up in OCP and assistant commodity manager is unable to resolve (rather than pass the problem along).
- Conduct a mini-audit to determine where the breakdown in vendor payments typically occurs.
- Retrain OCP staff so they are knowledgeable about how to use PASS to resolve payment issues.
- Require agencies to immediately “refresh” their list of receivers. Each quarter the OCP agency “liaison” (or procurement manager) will work with

the agency to review and refresh agency's list of receivers and ensure all receivers understand their responsibilities (e.g., refresher training similar to that offered at DOH).

- Explore with OAG, OCFO, and OIG the possibility of eliminating the internal control that requires receiver to be different from requisitioner.
- Work with OCTO and OCFO to determine if receiving process/workflow in PASS needs to be modified to reflect the difference between receiving goods versus services.
- On the OCP and OLBD websites list the names of people to contact for assistance resolving vendor payments.
- Work with OCFO to develop a plan to fully use EFT. PASS and RSTARS have this capability. Consider implication for existing AP personnel.

4.1.6 Provide framework and tools to promote consistency and support key process partners

- Integrate updates to 27 DCMR and post on the OCP website in a searchable format (create an index).
- Develop and release an RFP for major revision and overhaul of 27 DCMR. May include creation of an entirely new regulatory environment.
- Consider inclusion of policies regarding environmental purchasing initiatives (e.g., recycling, cleaning products, etc.)
- Write SOPs once process changes have been agreed.
- Standardize templates for standard letters, BCMs, D and Fs, and other documents and post on the intranet so OCP and agencies can access. Eliminate obsolete or erroneous samples on the S drive.
- Create and maintain library of OCP and agency procurement best practices. Create links to existing resources, such as the Federal Acquisition Institute's (FAI) website which has blueprints for contract specialists and COTRs.
- Create and release an online vendor list that provides past performance and information to support DCSS rotations.
 - Leverage Procurement Administration's existing vendor list.

- Coordinate and integrate EVAL, vendor performance tool, with the vendor list.
- Work with EVAL developers to ensure evaluations are tied directly to RFP sections/requirements and that terminations for default (T4Ds) and terminations for cause (T4Cs) are captured.
- Explore how EVAL can be transitioned to PASS when Contracts Compliance module becomes available.
- Maximize the use of tools and resources available through PASS (e.g., reports to manage workload).
 - Assign a person to generate and analyze management reports from PASS that can be used to manage workflow and performance and to identify where there are bottlenecks in the process.
 - Expand agencies', OCFO's, OLBD's, and OCP's ability to use the Analysis functionality in PASS.

4.1.7 Ensure the process is transparent

- Post more detailed description of the process and ensure that all forecasts and awards are posted.
- Develop and/or update existing documentation to more clearly explain OLBD/OCP program guidelines and procedures to help vendors understand the procurement process and how the LSDBE program is integrated into it.
- Develop and publish milestones so that the agencies and vendors have a sense of how long various aspects of the contracting and procurement process should take. These milestones also will serve as performance goals for OCP, agency, and OCFO personnel involved in the process.
- Post frequently asked questions on OCP website.
- Identify contacts for key issues so the agencies and vendors know where to go for assistance.
- Publish guidelines for vendor rotation.

4.1.8 Develop and implement new processes and procedures to manage personal property disposition

- Establish new inventory procedures.
- Implement inventory control system.
- Conduct an analysis to determine the feasibility of various alternatives, such as outsourcing the entire function or portions of the function, retraining staff, and using technology to facilitate sales. Determine if the function could be outsourced for a percentage of sales.

4.1.9 Create a mechanism/tickler system to remind agencies and COs when contracts are ending and when they are approaching \$750K.

4.2 Increase Level of Customer Support

OCP is a service agency with the sole purpose of facilitating the contract and procurement process for District agencies. As such, OCP must, at all times, support agencies in achieving their missions.

4.2.1 Create customer service/support vision for the agency and validate with customers.

- Develop an internal and external communications plan for those involved in contracting and procurement (inside and outside of OCP).
- Develop customer service goals for OCP staff that serve external and internal customers.
- Create a customer service campaign with a tag line.
- Publish (electronically) public service announcements to customer community with helpful information – discuss helpful hints, share latest happenings in OCP, highlight OCP and agency staff, spotlight successful procurements and vendor partnerships, report improvements in cycle time.

4.2.2 Adopt an organizational structure that supports customers and the process.

- Create “procurement managers”
 - Serve as a liaison between the agencies and the commodity groups.
 - Work in partnership with the agencies to manage the SLAs or acquisition plans and attend senior staff meetings at the agencies
 - Coordinate large and complex acquisitions
 - Resolve issues related to the purchase of commodities or services
 - Monitor agencies’ progress toward meeting LSDBE goals.
 - Provide information to facilitate navigating the process with the commodity groups.
- Create a call center to field and find answers to inquiries from vendors and the agencies.

- Call center staff would have a pre-determined amount of time to find the answer/collect the information and respond to the caller.
- The staff would need access to PASS.
- Those working in the call center would not need to be contracting and procurement experts.
- Assess the need to reconfigure commodity groups to even workload.
- Assess the benefits of establishing a supplier development unit to:
 - Interface with OLBD
 - Manage the process to get suppliers on the DCSS
 - Monitor collection of one percent fee
 - Manage vendor performance program
 - Update frequently asked questions page
 - Coordinate catalog development and maintenance
- Determine whether OCP needs one small purchase unit or small purchase units within each commodity group.
- Assess impact of another OCP structural change too soon after the implementation of the commodity group structure.

4.2.3 Clearly define the roles of all parties involved in the contracting and procurement process.

- These roles include requisitioner, agency approver, agency director, accounts payable, contract specialist, contract officer/commodity manager, OLBD representative, COTR, budget officer, Procurement Administration, legal, OCP EOM liaison, etc.)
- Disperse ombudsperson's responsibilities across the various functions as appropriate.
- Help those in OCP not in direct contact with the agencies to better understand the process, the importance of their roles, and the need for timeliness.
- Incorporate individual's performance of these roles into his/her performance review.
- Foster shared accountability, ownership, and collaboration.

- OCP staff has a working understanding of Section C of each RFP. While not experts, they are at least conversant on the services to be procured.
- Specialists, assistant commodity managers, and commodity managers understand the customers' business – mission, stakeholders, and key challenges.
- OCFO/budget officer works with agencies to develop SOWs.
- Per Procurement Practices Act (PPA), OCP assists in development of SOWs. Have a conversation to discuss changes so that knowledge transfer/learning occurs and the likelihood of the agencies sending better SOWs increases.
- Apply a disciplined project management approach from development of solicitation through closeout. Create work plans, follow a prescribed format, use established templates, and SOPs. Incorporate customer service guidelines into new SOPs.
- Create integrated, multi-disciplinary acquisition teams (program, legal, OCP, OCFO, OLBD) for large acquisitions. Convene periodic project status meetings for large contracts once awarded.

4.2.4 Establish a purchasing council

- Purpose: identify and resolve issues, share information, develop/discuss procurement/acquisition policy, and share best practices.
- Representation from OCP, OCFO, OLBD, OCTO (b/c of PASS) and the agencies.
- Rotating terms.
- Directors or their designees.

4.2.5 Use SLAs as acquisition planning documents

- OCP, OCFO, OLBD, and agencies meet quarterly to discuss SLAs and modify as necessary (CPO attends).
- When SLAs are developed, OCP will have a series of meetings with the agencies and their CFO. The final SLA will be reviewed with the agency director.

4.2.6 Revise customer satisfaction survey

- Collect baseline
- Administer quarterly to agencies and vendors

4.3 Expand Opportunities for the District's LSBDEs

Since its creation, the District's LSBDE program has sought to expand opportunities for vendors. OCP plays a large role in this mission. However, we have found that there are opportunities for improvement.

4.3.1 Ensure that SOPs of OCP require that the DCSS be rotated to increase transparency and the reach of the program

- Provide guidance on the appropriate procedures for rotating vendors.
- Implement tool to facilitate rotations.
- Assess the feasibility of DCSS schedules being set-up as IDIQs in which there could be a rotation among all such vendors once the minimum quantity on each contract has been reached.

4.3.2 Where appropriate, unbundle large procurements so that smaller firms can compete on components

4.3.3 Facilitate the agencies' meeting the District's LSDBE utilization requirement in all of our contracts

- Provide data from PASS to facilitate monthly tracking and monitoring.
- Review SLAs to identify LSDBE opportunities.
- Monitor SLA activity for compliance.
- Reiterate that each agency must have an LSDBE liaison. Among this person's responsibilities will be to help ensure the agencies realize their LSDBE goals.

4.3.4 Create a mechanism to help LSDBEs find subcontracting opportunities

- Explore establishing a database similar to SBA's SUB-NET which is a listing of small companies looking for subcontracting opportunities.

4.3.5 Require LSDBE plans for all contracts over \$100K that are awarded through the RFP process.

- Require subcontracting plan be submitted with the proposal.

- The city must approve any post-award changes to the plan.
- As part of contract administration, monitor subcontractor use against the plan and ensure prime is paying subcontractor.
- Modify requirement that if LSDBE is the prime, the organization must perform 50 percent of the work because this is not always feasible in construction. Rather require a minimum of 35 percent of the total value of the contract goes to the LSDBE.

4.3.6 OLBD and OCP jointly develop a strategic business plan

- Agree to strategic goals and activities for the year.
- Assign timeframes for completion and identify responsible parties.
- OLBD, OCP's Business Development/Compliance Officer, and a representative from the DCSS should be involved in developing the plan.

4.3.7 Better integrate OLBD into the contracting and procurement process

- OLBD representative assigned to be involved in procurements over a certain dollar threshold beginning with RFP development through award.
- OLBD helps determine whether the solicitation should be a set aside or if there should be a LSDBE requirement built in.
- Where appropriate, OLBD representative attends pre-bidder conference.
- For acquisitions above a certain threshold, include OLBD rep in the evaluation process as outlined in FAR 19.202.

4.3.8 OCP and OLBD work together to provide technical assistance (TA)

- Types of TA would include teaming, marketing to the District, networking, and responding to RFPs.
- OLBD provides assistance and OCP supports the actions of OLBD.

4.3.9 Consider awarding our purchase card contract to an LSDBE-owned bank located in the District

4.3.10 Provide mandatory LSDBE program refresher training for agencies and OCP

- Review program goals.

- Review components of the program.
- Discuss roles of OCP, OLBD, and agencies in administering the program.

4.3.11 Continue outreach to vendor community

- DCSS vendor roundtables.
- Commodity group vendor roundtables.

4.4 Align Skills and Needs

Our review of the organizational structure at OCP and the role employees are playing leads us to believe that in order for us to meet the District's contracting and procurement needs we must ensure that we have the right people in the right roles, not just in OCP but also in the agencies.

The right people in place at OCP to meet the needs of our customers

4.4.1 Once the new organizational structure is in place, determine what functions should be performed and the skills required.

- Determine what skills are required at all levels and for all functions of the organization (including Personal Property Disposition).
- Determine if there exists a skill gap (include basic technology skills) between current state and new operating paradigm.

4.4.2 Review all position descriptions (PDs) and revise if necessary

- Create selection criteria.
- Have employees reapply for positions.
- Create a transition strategy.
- Ascertain legal issues and implications given the soon to be unionization of OCP.
- Create career ladder positions.

4.4.3 Create a clear career path for OCP employees that outlines how an employee advances

4.4.4 Create a warrant program

- Outline requirements for various levels of authority and requirements to maintain that level of authority.
- Describe the requisite level of procurement experience, education, and training associated with each level.

4.4.5 Identify or develop training courses to prepare OCP staff to assume an expanded or different role.**4.4.6 Require management training for OCP managers and supervisors on:**

- Providing feedback
 - Communicating performance expectations
 - Motivating Staff
 - Making performance matter
 - Accountability for results
 - Performance measurement
 - Customer support
 - Employee relations
 - Performance based budgeting
 - How to delegate work
-
- Determine the extent to which existing MSS courses address these needs.

4.4.7 Create a culture of accountability

- Reward good performance and penalize non-performers.
- Ensure criteria for rewards are broadly communicated.
- Regularly recognize outstanding performance.
- OCP leadership communicates the new culture.
- Enforce existing established procedures for dealing with poor performance.
- Ensure upper management support when disciplining poor performers.
- For each commodity manager, track the number of approvals and disapprovals issued by the Performance Review Committees (PRCs).
 - Incorporate results into the performance reviews of contract specialists, assistant commodity managers, and commodity managers.
 - Review deficiencies to identify patterns and determine if additional training is required.
 - Consistently return unacceptable PRC submissions and provide constructive feedback.

- Identify other means of performance measurement that can be included earlier in the process.

4.4.8 Encourage employee development

- Recognize professional certifications, such as NIGP and NCMA, and support furthering academic portfolio.
- Identify classroom and online training courses available from non-traditional sources, i.e., Defense Acquisition University and USDA.
- Identify mechanisms to fund training.

4.4.9 Provide commodity teams additional training on the products/services they buy so they can better understand the industries and negotiate more effectively.

4.4.10 Expand negotiating capabilities within OCP

- Train all OCP employees who buy goods and services on the latest negotiating strategies and techniques.
- Assess existing in-house negotiating courses and determine need to develop and issue an RFP to hire a firm to deliver more in-depth training.
- Create a group of senior negotiators who can close large and/or complex deals.

4.4.11 Provide adequate staffing and guidance for cost analysis.

- All OCP staff should have basic skills.
- Provide/acquire senior cost analysts with accounting background to assist with large dollar value and complex procurements.

4.4.12 Evaluate OCPs training program

- Determine its effectiveness.
- Assess the cost to operate.
- Consider if the function or only those classes relevant to all District employees should be delivered through CWD.

4.4.13 Create more PASS super users.

- Develop a person who can troubleshoot questions and who has the same level of PASS and SOAR expertise as the PASS program manager.

The right contracting staff in the agencies**4.4.14 Require that each agency have certified contracting officer's technical representatives (COTR)**

- These persons will understand the procurement process and will be responsible to help develop the RFP and to monitor the contract (e.g., reviewing progress reports/attending progress meetings and approving invoices).
- The persons must complete OCP's COTR certification process.
- Actions over \$25K will require a COTR.
- Consider complexity of procurements when assigning COTRs
- Open COTR course to non-MSS employees.

4.4.15 Develop a COTR certification program

- Includes a series of classes (beyond the now available COTR class)
- Requires individuals to demonstrate certain capabilities.
- Reflects complexity and dollar volume.

4.4.16 OCP will monitor the performance of COTRs.

- Those with a pattern of under performing (e.g., series of ratifications, contractor performs work for which there is no contract) will lose their certification.

4.4.17 Create more PASS super users within the agencies.**4.4.18 Hold agency heads accountable for letter contracts not justified prior to commencement of work.**

- See 4.1.9 regarding mechanism to notify all parties when contracts are about to end.

- Intent is to facilitate better planning (recognizing that agency heads cannot execute letter contracts, but can influence the behavior of their employees).

5 Action Plan

To achieve the reforms outlined, it will be necessary for the District to commit the time and resources to the effort. While OCP must make process, organizational and cultural changes, other stakeholders also have a role in implementing the changes outlined. Specifically, the city should establish the procurement council to guide the implementation. The CPO should lead the council.

An inter-agency work group should be created to redesign the process and to support the implementation of other recommendations as needed. This group of eight to twelve individuals should consist of a core group of OCP staff that represents a cross-section of the organization (e.g., contract specialists, assistant commodity buyers, Procurement Administration, and Business Operations), and representatives from the agencies, OLBD, OCTO, and OCFO.

Importantly, as part of the implementation, OCP should take the lead to develop a communications strategy designed to create buy-in for the change. This plan should include strategies to reach OCP staff, process partners (e.g., OLBD, OCTO, OCFO), and key stakeholders, such as the Council, the LSDBE community, and the public.

Figure 2 presents a list of key action items organized into three categories:

- Immediate – completed within 30 to 60 days
- Mid-term – completed within 60 -90 days
- Longer-term – completed within the next three to six months

This list does not include all of the recommendations, but the most critical actions. As part of implementation planning, OCP will develop a detailed work plan that outlines the various tasks to be completed to fully implement the recommendations.

Figure 2: Prioritized List of Key Action Items

Actions	Immediate 30 -60 days	Mid-term 60 to 90 days	Long- term Over 90 days	Responsible Organization(s)
Create communications strategy	X			OCP/CIR
Create call center	X			OCP
Initiate customer and vendor satisfaction surveys to baseline current performance	X			OCP
Build detailed implementation plan	X			OCP/CIR
Redesign processes		X		Interagency work group, OCP, CIR
Finalize organizational structure changes		X		OCP/CIR
Conduct skills assessment and gap analysis			X	OCP/CIR
Create a tickler process in PASS to notify contracting officer when a contract hits \$750K	X			OCTO, OCP
COTR Certification Program		X		OCP/CIR
Mandate COTRS on contracts over \$100K take existing class by 12/31/04	X			OCP
Mandate all new contracts (10/1/04) have written documentation indicating COTR's acceptance of the responsibility				
Develop and pilot new DCSS rotation	X			OCP, OLBD
Assess feasibility of outsourcing all or part of PPD	X			OCP, CIR
Begin to track PRC results	X			OCP
Implement revised BCM matrix	X			OCP

Actions	Immediate 30 -60 days	Mid-term 60 to 90 days	Long- term Over 90 days	Responsible Organization(s)
Develop joint OLBD/OCP strategic business plan for FY05	X			OCP, OLBD
Conduct LSDBE refresher course for agencies and OCP (consider an online course)		X		OLBD
Document and publish contract monitoring/administration procedures	X			OCP
Refresh list of receivers	X			Agencies, OCFO, OCTO
Create and post on intranet one document with 27DCMR, updates, mayoral orders, PPA and other relevant legal and regulatory documents	X			OCP/CIR
Issue RFP for overhaul of 27 DCMR		X		OCP
Post templates for key procurement documents	X			OCP
Develop description of the roles and responsibilities for key positions in the contracting and procurement process		X		Work group
Form a technology task force to inventory and integrate various initiatives and tools	X			OCP Business Operations, Procurement Administration, ASMP leader, and OCTO
Develop OCP PASS “ultra” super user capacity	X			OCP, OCTO
Develop training for evaluation panels		X		OCP Training

Actions	Immediate 30 -60 days	Mid-term 60 to 90 days	Long- term Over 90 days	Responsible Organization(s)
Make small purchases decisions: Raise threshold for large agencies Delegate \$25K back to agencies	X			Procurement Council, OCP, OAG
Begin quarterly acquisition planning meetings (i.e., review of SLAs)		X		Commodity managers
Create and implement warrant program			X	OCP, OAG

Appendix

**Contracting and Procurement Continuous Improvement Initiative
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